

Daniel P. Pepple
PEPPLE JOHNSON CANTU & SCHMIDT
1501 Western Avenue, Suite 600
Seattle, WA 98101
206.625.1711 / 206.625.1627 Fax
dpepple@pjcs.com
Attorneys for Creditor – Bank of America

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF OREGON

In re

Case No. 10-60244-aer11

Arlie & Company,

DECLARATION OF JO ANN TALLERICO

Debtor.

JO ANN TALLERICO, having been duly sworn, states as follows:

1. I am a Senior Vice President of Bank of America, N.A. ("Bank") and work in the Real Estate Managed Assets department of the Bank. I am the officer of the Bank responsible for the loan ("Building A Loan") made by the Bank to Arlie & Company, Inc. (the "Debtor") on or about February 27, 2007, in the maximum principal amount of \$9,000,000 in order to finance the construction of "Crescent Village Building A," which is a mixed-use retail and multifamily apartment property in Eugene, Oregon, and the loan ("Building D Loan" and together with the Building A Loan, the "Loans") made by the Bank to Debtor's subsidiary, 2911 Tennyson Avenue, LLC (which was merged into Debtor on the eve of Debtor's bankruptcy filing), on or about November 2, 2007, in the maximum principal amount of

1 \$5,970,000.00, in order to finance the construction of "Crescent Village-Building D," which is
 2 a mixed-use retail and office property in Eugene, Oregon.

3 2. Both the Building A Loan and the Building D Loan matured on January 2,
 4 2010. The principal amount currently owing on the Building A Loan is \$8,956,961.00 and
 5 the principal amount currently owing on the Building D Loan is \$5,455,581.38. Since the
 6 maturity date, both the Building A Loan and the Building D Loan have been accruing interest
 7 at 4% over the one month LIBOR rate, which is now 0.25688% for a current interest rate on
 8 the Loans of 4.25688%. Through October 8, 2010, interest accrued on the Building A Loan
 9 totaled \$296,929.70 with a per diem of \$1,044.62, and interest accrued on the Building D
 10 Loan totaled \$180,856.45 with a per diem of \$636.27 (the per diems assume no change in
 11 the one-month LIBOR rate).

12 3. Attorneys fees and costs billed to the Bank to date in connection with the
 13 Loans total \$50,113.22 and that amount is allocated between the Building A Loan and the
 14 Building D Loan in proportion to their respective principal balances (\$31,144 to the Building
 15 A Loan and \$18,969 to the Building D Loan).

16 4. Since the Debtor filed bankruptcy, I have had five or six conversations
 17 regarding the Loans with Scott Diehl, the chief financial officer of Debtor. In those
 18 conversations, I told Mr. Diehl what terms I would be willing to recommend for Bank credit
 19 approval for extension of the Loans, but at no time did I receive or discuss any proposal
 20 from Mr. Diehl other than the terms proposed in the Debtor's Plan of Reorganization dated
 21 July 1, 2010 (Doc 185) which I advised Mr. Diehl were not acceptable to the Bank. Mr.
 22 Diehl's response to the terms I described was that he would have to confer with his
 23 attorneys but since then I have had no discussions with Mr. Diehl regarding the terms of any
 24 extension of the Loans.

1 DATED October 12, 2010, at Las Vegas, Nevada.

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JO ANN TALLERICO